fact, the ARMIS 43-01 through 43-04 reports can be combined in a single simplified report using a Class B format. The sample attached as Exhibit "B" to these Comments illustrates how these four reports could be combined in a single report, which should be more than sufficient to satisfy the Commission's need for routinely reported financial data.

The sample report (Exhibit "B") preserves only the arguably essential data from the ARMIS 43-01 through 43-04 reports, although further editing of the report may also be possible without impairing any regulatory functions. Exhibit "B" preserves the summarized data from the ARMIS 43-01 report in columns (d) through (h). It also contains Class B level income statement and balance sheet data from the ARMIS 43-02. The only ARMIS 43-03 data that is arguably needed is summarized in a single column on Exhibit "B" (column c). Column c contains all the information necessary to determine the costs and revenues of activities that are not subject to Commission regulation. If additional data is needed, it can be obtained in connection with the independent audit of the ILEC's CAM. Finally, data from the ARMIS 43-04 report relating to the Part 69 rate categories is preserved in a summarized format in columns (i) through (n). Except for a couple of ARMIS 43-02 schedules that may need to be added to Exhibit "B", such as B-4 and I-2, all of the remaining information in these four ARMIS reports can be eliminated without any adverse effect on any regulatory function that needs to continue in the current environment.[37]

The proposed format in Attachment I of BellSouth's July 1, 1998 filing is also worthy of consideration. The main difference in BellSouth's proposal is that it keeps the four reports separate. However, like the SBC LECs' proposal in Exhibit "B", BellSouth's Attachment I

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[37] In addition, further simplification may also be possible, especially as rate-of-return remnants are completely retired.

eliminates most of the unnecessary data from these four reports.

The Commission should consider how to combine the remaining useful information from these four ARMIS reports into a single simplified report, such as the sample attached as Exhibit "B" that the SBC LECs recommend.

VI. THE ARMIS 495A/B REPORTS SHOULD BE ELIMINATED.

The SBC LECs have proposed eliminating the Part 64 network investment forecasting requirement due to the increasing difficulty of predicting the future use of network investment in a rapidly changing environment.[38] The SBC LECs have recommended instead that such investment be allocated based on actual usage.[39] While it may have been reasonable at one time to require allocation based on three-year forecasts, it is no longer realistic to expect forecasts for what has become a long term in today's rapidly changing technological and competitive environment. This is another one of the Commission's rate-of-return regulatory tools that is long overdue for an assessment as to whether it actually produces any of the benefits that the Commission predicted it would. The SBC LECs submit that it does not produce any remaining benefits whatsoever. With the elimination of the forecasting requirement, the ARMIS 495A/B will no longer be necessary and should be eliminated. The scope of the Section 11 review in this proceeding should be expanded to consider elimination, and/or simplification, of reports based on the simplification of accounting and CAM rules in CC Docket No. 98-81. Even if the Commission retains certain accounting and CAM requirements in CC Docket No. 98-81, that does not mean that the Commission necessarily must retain the same detailed level of reporting.

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[38] SBC's Section 11 Petition at 34 & Exhibit D, page 2.

[39] Id.

Thus, the Commission should also consider eliminating or simplifying the ARMIS reports such as the ARMIS 495A/B reports even if the underlying accounting or CAM requirement remains in effect.

VII. THE ARMIS 43-05, 43-06, 43-07 AND 43-08 REPORTS SHOULD BE ELIMINATED, OR AT A MINIMUM, RADICALLY SIMPLIFIED.

While the Introduction to the NPRM appears to indicate that this proceeding is intended to fulfill the biennial review requirements with respect to all of the ARMIS reports,[40] the NPRM fails to consider elimination or streamlining of any of the requirements of the ARMIS 43-05 through 43-08 reports. A comprehensive Section 11 review of "all regulations" would not be complete as far as ARMIS is concerned without consideration of the need for these four network ARMIS reports. More specifically, the ARMIS streamlining being considered in this proceeding should be expanded to include SBC's recommendation to eliminate these four reports, or at a minimum, the simplification of these reports as described in Exhibit "A".

As these four reports generally do not contain financial or accounting data, these reports require a somewhat different Section 11 analysis compared to reports such as the ARMIS 43-01 through 43-04. The general Section 11 analytical framework is the same, requiring a cost/benefit analysis, but the fact that some of these reports were adopted in connection with price cap regulation requires a different application of the analysis. While price cap regulation is one of the reasons for streamlining reports such as the ARMIS 43-01 and 43-02, other developments have rendered the non-financial ARMIS reports unnecessary. Ironically, at a time when the Commission is performing the Section 11 review of the ARMIS reports to reduce their burden,

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[40] NPRM, ¶ 1 & n. 2.

the Common Carrier Bureau ("Bureau") has proposed significant increases in the burden of three of these non-financial ARMIS reports, which increases the SBC LECs have opposed for many of the same reasons discussed in these Comments.[41]

The service quality (43-05, -06), infrastructure (43-07) and operating data (43-08) reports have outlived their usefulness and should be eliminated. The Commission adopted the first three of these reporting requirements when it introduced price cap regulation out of a concern that some features of price cap regulation could create incentives to reduce service quality and investment in network infrastructure.[42] These problems have not materialized since the advent of price cap regulation. In fact, the Commission has observed that there is not any evidence of a decline in service quality or network investment since the beginning of price cap regulation.[43] Also, the accelerating pace of competition is providing a natural incentive to invest in the network and maintain high levels of service quality.

Under a proper Section 11 analysis, the Commission must determine that any remaining benefit of the ARMIS service quality, infrastructure and operating data reports clearly outweighs the significant burdens they impose. Any remaining benefit of these reports is minimal and is

[41] Public Notice, Common Carrier Bureau Solicits Comments on Proposed Modifications to ARMIS Service Quality Reporting Requirements, AAD File No. 98-22, DA 98-483, released March 11, 1998 (the "Service Quality Notice"); Public Notice, Common Carrier Bureau Solicits Comments on Proposed Modifications to ARMIS 43-07 Infrastructure Report, AAD File No. 98-23, DA 98-484, released March 11, 1998 (the "Infrastructure Notice").

[42] While the ARMIS 43-08 report was not adopted in connection with price cap regulation, the nature of the data in the ARMIS 43-08 report is similar to the contents of the ARMIS 43-05, -06 and -07 reports. The ARMIS 43-08 contains plant statistics that were previously reported in Form M schedules. However, because the type of data is the same, streamlining of the ARMIS 43-08 must be evaluated by the same standards as the other reports.

[43] See In the Matter of Price Cap Performance Review for Local Exchange Carriers, CC Docket No. 94-1, 10 FCC Rcd 8961 ¶¶ 62, 365 (April 7, 1995).

easily outweighed by the thousands of hours and millions of dollars being spent unnecessarily by ILECs to prepare and file reports that are seldom of any practical utility in the performance of essential Commission functions.

There are a number of reasons to question the need to continue requiring the service quality, infrastructure and operating data reports.

Most important, it is not clear what essential Commission functions continue to require this data collection. An examination of these reports in terms of their original purpose will reveal that they have largely, if not fully, completed their task—to the extent it was necessary. Accordingly, the Commission should "declare victory"[44] and retire these reports for good.

For example, the original purpose of the ARMIS service quality reports was described by the Commission as follows:

> We are confident that the service quality reporting requirements we have now established . . . will provide us with sufficient data to evaluate LEC service quality under price caps.[45]

The original purpose for these ARMIS reports was merely to evaluate service quality and infrastructure under price caps. These ARMIS reports have largely, if not fully, completed this original task.[46]

Over the several years of ARMIS reporting, the Commission has not found any material problems with service quality or infrastructure investment. Now that competition, growth, technological evolution and economics are driving ILECs to deploy the latest technology and maintain their service quality, the Commission should no longer find it necessary to monitor

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[44] US WEST Comments, AAD File Nos. 98-22 & 98-23, filed April 24, 1998.

[45] Price Cap Second Report and Order, 5 FCC Rcd 6786, 6829 ¶ 349 (1990) (emphasis added).

these areas for purposes of price cap regulation. Even the Commission recognized this eventuality in 1990, such as when it said, "where access competition has begun to emerge, LECs rapidly upgraded their networks and implemented advanced technology."[47] That is even more true today for a much broader range of services.[48]

In fact, in the universal service proceeding, the Commission indicated it would defer to state regulation of service quality and "rely upon service quality data provided by the states in combination with those data that the Commission already gathers from price cap carriers through existing data collection mechanisms . . . ."[49]

The Commission concluded as follows in the Universal Service Order:

> [We] do not adopt, at this time, additional reporting requirements to collect data for use in re-evaluating the definition of universal service. We recognize that complying with reporting requirements is burdensome . . . . In order to determine whether new services or functionalities should be included within the definition of universal service, however, we and the Joint Board will need information . . . . In addition to relying upon existing data collection mechanisms, such as ARMIS reports, the Commission will conduct any surveys or statistical analysis that may be necessary to make the evaluations required by Section 254(c)(1) to change the definition of universal service. Finally, we encourage states, to the extent they collect and monitor data . . . to provide such data to the Joint Board and the Commission in connection with any future re-evaluation of the definition of universal service.[50]

The Commission expressly rejected any need to expand the reporting requirements. That was the Commission's approach before it initiated its biennial regulatory review under Section 11, in which it is supposed to eliminate or streamline ARMIS reporting requirements.

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[46] See SBC Comments, AAD File Nos. 98-22 & 98-23, filed April 24, 1998, at 4.

[47] Price Cap Second Report and Order, ¶ 355.

[48] SBC Comments, AAD File Nos. 98-22 & 98-23, filed April 24, 1998, at 14-16.

[49] Universal Service Order, 12 FCC Rcd 8776 ¶ 100 (1997) emphasis added).

Even then, it did not see any reason to increase reporting burdens. Now there is every reason to weigh these reporting burdens against their associated benefits.

Likewise, there is insufficient justification to retain the infrastructure and operating data reporting. Primarily, this reporting is unnecessary because competition and other factors are forcing ILECs to install the latest technology; otherwise, customers will "vote with their feet"[51] as they walk away to a competitor.

In performing its Section 11 analysis, the Commission should focus on the original purpose of price cap monitoring of infrastructure development. The Commission merely wanted to be sure that price caps did not have a negative impact on the maintenance of the network infrastructure; it expressly rejected suggestions to require reporting of advances and innovation in network technologies.[52] Continuing to require the reporting of detail concerning infrastructure and operating data also could be competitively harmful to the price cap LECs that file these ARMIS reports; while providing no legitimate and cost-justified benefit in terms of price cap regulation.

Moreover, consistent with the jurisdictional boundaries of Section 2(b), any regulation of local service quality and infrastructure should be left to the state commissions. As the Commission noted in the universal service proceeding, "state commissions, by virtue of their familiarity with the carriers serving their respective states, are best situated to determine the extent to which service quality standards should be applied in their jurisdictions."[53]

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[50] Id. at 8836 ¶ 107 (1997) (emphasis added; footnote omitted).
[51] BellSouth Comments, AAD File No. 98-23, filed April 24, 1998, at 4.

[52] See Policy and Rules Concerning Rates for Dominant Carriers, 5 FCC Rcd 6786 ¶¶ 353-355 (1990) ("LEC Price Cap Second Report and Order").
[53] Universal Service Order, ¶ 100.

Contrary to the deregulatory purposes of Section 11, the Bureau has proposed to add a number of details to the service quality and infrastructure reports in its Service Quality Notice and Infrastructure Notice. These Bureau proposals would expand the purposes of the ARMIS 43-05, -06 and -07 reports beyond their original purposes. Instead of finding new or expanded reasons for retaining outdated reports, as the Bureau's proposals would do, the Commission should find ways of eliminating, or at a minimum radically simplifying, these ARMIS reports. In connection with this biennial review of ARMIS, the Commission should also reconcile the Bureau's proposed action in these two notices with Section 11's requirement to streamline regulation. Instead of perpetuating and expanding the old reporting requirements that do not produce any of the benefits that the Commission sought, the Commission should narrowly tailor any remaining reporting requirements to accomplish only essential Commission tasks in a competitive environment. By eliminating the old style of redundant, voluminous reporting, the Commission can focus its efforts on regulatory oversight functions under the 1996 Act, such as appropriate reporting associated with operations support systems and interconnection, as recommended by SBC in CC Docket No. 98-56.[54]

After reviewing these four ARMIS reports in terms of their original intended purposes, if the Commission concludes that any one or more of them cannot be eliminated altogether, the SBC LECs recommend that they be streamlined by eliminating or simplifying a number of their components as described in Exhibit "A" to these Comments.

The SBC LECs recommend, at a minimum, elimination of the ARMIS 43-06 report and

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[54] See SBC Comments, CC Docket No. 98-56, filed June 1, 1998. See also Arthur Andersen LLP, "Accounting Simplification in the Telecommunications Industry," filed July 15, 1998 (the "Arthur Andersen Whitepaper"), at 48-51.

radical simplification of the other three non-financial ARMIS reports, for the reasons set out in Exhibit "A". In the ARMIS 43-05 report, the Commission should at least eliminate Tables I through III and V and simplify Table IV. In the ARMIS 43-07 report, the Commission should at least eliminate Tables I, III and IV. In the ARMIS 43-08 report, the Commission should at least eliminate Tables II, III and IV and simplify Table I. After this simplification of these reports, the remaining data in these reports should be consolidated in a simplified format.

VIII. A DEREGULATORY REVIEW OF THE POLE ATTACHMENT RULES IS REQUIRED BY SECTION 11.

The NPRM inquires "whether mid-sized ILECs should be required to maintain subsidiary record categories . . . and to report in ARMIS the information required by the pole attachment formulas"[55] if they opt to use Class B accounts. In SBC's view, all ILECs should be permitted to use Class B accounts because Class A accounts are not essential for any federal regulatory purpose that needs to continue in the current environment. Any regulatory mechanisms that happen to rely on Class A accounting or reporting should be reviewed pursuant to Section 11 standards to determine whether reliance on Class A accounting detail is no longer necessary in the public interest. The fact that certain regulatory mechanisms have been designed based upon Class A accounts should not be used as a pretext to avoid simplification of the accounting and reporting requirements. Instead, consistent with the Section 11 requirement that the Commission review all of its regulations, the Commission should review any such regulatory mechanism that relies on Class A accounting detail or the associated ARMIS reports to determine whether that reliance is essential. Specifically, the current biennial review pursuant to Section 11(a) should

[55] NPRM, ¶ 10.

include a review of the current pole attachment rules to determine whether they can be simplified to maintain the necessary degree of oversight of disputes concerning pole attachment rates while imposing less administratively burdensome obligations. In the few areas where the current pole attachment formulas use Class A accounting information, this review of the pole attachment rules should consider what alternative method could be used to review pole attachment rates, when necessary, to determine whether they exceed the maximum rate permitted by Section 224.

In any event, even without a biennial review of the pole attachment formulas, any ILEC opting to use Class B accounts could simply maintain equivalent internal accounting data necessary to calculate the components of the pole attachment formulas that currently use Class A accounts. Upon request, the ILEC could furnish this internal accounting data along with other information a utility is obligated to provide under the Commission's pole attachment rules. In any event, Class B ILECs apparently have been able to satisfy the costing requirements associated with Section 224 even though they do not file ARMIS reports, which in-and-of-itself demonstrates the redundancy of ARMIS reporting and Class A accounts as a practical matter for purposes of the pole attachment rules.

Ongoing detailed ARMIS reporting cannot be justified by the pole attachment rules. Ordinarily, the ARMIS data is not even used in reaching agreement on the applicable pole attachment rates. Also, many states have taken over regulation of pole attachments under the "reverse preemption" provisions of Section 224. And, in any event, even in those limited cases when the Commission might need to determine a maximum pole attachment rate, given the availability of the data in internal records, mandatory annual reporting of Class A accounting detail is not essential to the Commission's pole attachment process.

IX. CONCLUSION.

The SBC LECs urge the Commission to perform the comprehensive review of all ARMIS reporting requirements and to eliminate all non-essential data across-the-board for all ILECS, as described in these Comments. Also, if deemed necessary to apprise interested parties of the expanded scope of streamlining under review in this proceeding, the Commission should issue a supplemental notice describing the additional reports and proposals being considered.

Respectfully submitted,

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Exhibit A

ARMIS Proposals

Review of the 43-01 Report

Modify the 43-01 report to provide useful information for those items that serve a very real need without creating a burden in preparation.

1. In Table I, revise the line classifications to coincide with the Class B USOA account structure. This would include all major income statement categories, plant, and balance sheet. Currently, the reported line classifications appear in a rather patchwork manner. Sometimes Class B accounts are used and other times assorted related items are additionally reported. Class B accounts should suffice for reporting and miscellaneous items such as IRS income adjustment and equal access investment add unnecessary detail. Furthermore, only those income statement, plant, reserve and miscellaneous accounts necessary to calculate the rate of return should be included. As such, it is unnecessary to include the non-operating items (lines 1320 through 1390).

2. Other recommended changes include a) SNFA and other adjustments columns should be combined, b) only the summed total of the common line column is needed, and c) equal access no longer merits separate recognition.

3. In Table II, eliminate the distinction in reporting premium and non-premium minutes since non-premium minutes are no longer statistically meaningful.

Review of the 43-02

A number of schedules should be eliminated from the 43-02, as proposed in the NPRM. These proposals are justified because certain schedules represent burdensome and unnecessary detail or because similar information can be found in the annual financial report of the SEC 10-K filing. The following comments delineate these thoughts.

1. The C-3 and C-4, Stockholders Table, can be eliminated or referred to other reports since this information is generally available in the 10-K and the annual financial reports which can be attached as a part of the 43-02.

2. Table B-1, "Balance Sheet Accounts," can be eliminated since most of this information would be contained in the 43-01, the 10-K, and the annual report.

3. Table B-2, "Statement of Cash Flows," can be eliminated since funds statements are provided in the 10-K and the annual report.

4. SBC questions the need for Table B-3, "Investments in Affiliates and Other Companies," because the affiliate transactions are described in the CAM; Table B-4, "Analysis of Assets Purchased From or Sold to Affiliates," because the transactions are audited periodically by a

public accounting firm as part of the CAM audit; and found in I-2, "Analysis of Services Purchased From or Sold to Affiliates."

5. SBC questions the need for B-9, "Deferred Charges," and B-10, "Accounts Payable to Affiliates," as detailed information that is not necessarily useful to the reader of the report.

6. Table B-11, "Long Term Obligations," can be eliminated since that information can be found in the annual financial report and the 10-K.

7. Table B-12, "Net Deferred Income Taxes," is unnecessary detail of little value and furthermore difficult to understand. Additionally, it is summarized in the 10-K and the annual financial report.

8. Table B-13, "Other Deferred Credits," is of little value containing only trivial information which again provides information not easily understood. Table B-14, "Capital Stock," and B-15, "Capital Stock and Funded Debt Reacquired," is reported in the 10-K.

9. Table I-1, "Income Statement Accounts," would be available in the 43-01 on a Class B account basis.

10. Table I-3, "Pension Cost," is available in summarized form in the 10-K.

11. Tables I-4, "Operating Other Taxes," I-5, "Prepaid Taxes and Tax Accruals," and I-6, "Special Charges," constitute unnecessary detail that can be eliminated. SBC questions the usefulness of this detail for the reader of the report.

12. Additionally, the NPRM proposes the elimination of the following schedules for the mid-sized companies:

    C-1 Identity of Respondent
    C-2 Control over Respondent
    C-5 Important Changes During the Year
    B-5 Analysis of entries in accumulated depreciation
    B-6 Summary of Investment and Accumulated Depreciation by Jurisdiction
    B-7 Bases of Charges for Depreciation
    B-8 Capital Leases

    These schedules should also be eliminated for Tier 1 price cap carriers. These very detailed schedules provide very little useful data for the reader and preparation of these schedules is very time consuming. SBC agrees that these are not necessary for mid-sized companies and that such above items as the detailed accounting of capital leases or a detailed list of charges to accumulated depreciation by account represents trivial and unnecessary detail for the reader.

The schedules remaining in the 43-02 can be attached to the 43-01 consolidating the 1, 2, and 3 reports together as one usable report which is significantly less burdensome to prepare. If necessary, as a part of that report, the carrier's 10-K and annual financial report could be attached.

Review of the 43-03

The entire 43-03 report should be eliminated. Consider that the above proposes that the 43-01 should be in a Class B account format and that the 43-01 already includes columns for "total per the books," and a "non-regulated" column and jurisdictionally separated columns. SBC contends that these columns reflected in the 43-01 provide in a summarized fashion all of the meaningful information currently found in the 43-03. Since this information is already in the 43-01, then in SBC's opinion, the need for the 43-03 report no longer exists.

The opinion letter from the public accounting firm that normally accompanies the 43-03 can then be attached to the 43-01.

Review of the 43-04

The current requirements of the 43-04 mandate the provision of an incredible amount of detail concerning usage and cost information employed in the Part 36 jurisdictional separations processes and the Part 69 allocation process. SBC questions the need to prepare this entire painstaking report which includes reams of data classified by Part 69 category. SBC questions the usefulness of this information to the reader in general and in particular to the reader of reports concerned with price cap companies. This report should be eliminated. Information needed to confirm the reasonableness of tariff filings is included in the tariff filing package. It is not necessary to continue this report for that purpose.

Review of the Service Quality, Infrastructure, and Operating Data Reports

The FCC Reports ARMIS 43-05, 43-06, 43-07, and 43-08 regarding service quality reporting and infrastructure monitoring, have outlived their usefulness and should be eliminated or drastically simplified. The FCC adopted most of these reporting requirements when it introduced price cap regulation out of a concern that some features of price cap regulation could create incentives to reduce service quality and investment in network infrastructure. These problems have not materialized since the advent of Price cap regulation. In fact, in 1995, in the price cap proceeding, the FCC noted that there was not any evidence of a decline in service quality or network investment since the beginning of price cap regulation. In reliance on this lack of change in service quality, the FCC refused to make any changes to its price cap calculations based on service quality. See *In the Matter of Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, 10 FCC Rcd 8961 ¶¶62, 365 (April 7, 1995); *In the Matter of Price Cap Performance Review for Local Exchange Carriers; Access Charge Reform*, CC Docket No. 94-1 & 96-262, 12 FCC Rcd 16642 &184 (May 21, 1997). As a result, the price cap LECs should thus be relieved of these reporting requirements. If the FCC mandates the continuance of these reports, SBC suggests the following revisions:

Review of the 43-05

1. Table I, "Interexchange Access-Installation and Repair." This table is no longer necessary since service intervals are frequently specified or payments are made to customers if performance standards are not met. Intervals for services shown in this table are specified in tariffs and service agreements and credits are provided to customers for service interruptions. Interexchange customers (IXCs) monitor the quality of the access services provided to them on a real-time basis and insist on immediate corrective action if there is a service disruption. Nondiscrimination requirements assure smaller IXCs of the same service quality. Access customers carefully manage the service they receive through the above mentioned conventions making the reporting of this table a meaningless exercise. No public interest is served by such unnecessary reporting.

2. Table II, "Local Installation and Repair." Local service is the jurisdiction of state regulators who have established appropriate requirements for their jurisdiction. No public interest is served by such burdensome and unnecessary reporting to the FCC. Also, information on local special service circuits, required in Table II of the ARMIS 43-05 report, is unnecessary because these services are primarily provided to business customers over facilities vulnerable to competitive loss. The risk of competitive losses is far more effective at spurring provision of good service than ARMIS reporting.

3. Table III, "Common Trunk Blockage." SBC's performance in this operational aspect has been excellent. As the FCC correctly determined in both Price Cap and Universal Service proceedings, service quality has not declined. As stated by the Independent Telephone and Telecommunications Alliance (ITTA) in its February 17, 1998, Petition for Forbearance, in addressing ARMIS report requirements(p.22), "since the Commission established the price-cap regime, the quality of service offered by price cap carriers has not been a particular concern. It is time for the FCC to declare victory on this issue and eliminate these unnecessary reports . . .." No public interest is served by such unnecessary reporting.

4. Tables IV, "Total Switch Downtime," should now be placed as Table I .

5. Table IV.A, "Occurrences of Two Minutes or More Duration Downtime." Filing LECs provide initial and a 30 day Final Service Disruption Reports with the FCC for key outages; additional reporting in this area is redundant. Information on outages of less than 2 minutes is appropriately captured under column (aq) of the 43-05 Table IV, which is the proposed 43-05 Table I.

6. Table IV, "Outages." The Bureau should consider whether any of this detail truly has practical utility in light of the specific outage reports the Commission receives at the time of any significant outages that meet the 30,000 customer threshold.

7. Table V, "Service Quality Complaints." At the federal level, this data represents a duplication of data the FCC already has in its files; such redundant reporting is unnecessary and can be eliminated. State Service Quality matters are properly the jurisdiction of state

regulators who have established appropriate requirements in this area. Duplicative reporting is burdensome and an unnecessary expense.

Review of the 43-06

The FCC should eliminate this Customer Satisfaction Report. This report was designed and implemented prior to the passage of the Telecom Act of 1996. The environment at that time was significantly different from today's fast growing competitive environment. More significantly, the competitors of the incumbent LECs are not required to collect and report this data. Also, there is not an industry standard survey methodology for the reporting LECs to follow as guidelines, thus any use of these reports for benchmarking would not be a reflection of consistency throughout the industry. Lastly, as cited by Ameritech, in its Comments on the recent Bureau Notice, AAD 98-22, filed April 24, 1998, p. 6, in a competitive environment, ILECs have every incentive to keep service quality high.

Review of the 43-07

1. Table I, "Switching Equipment." This table should be eliminated, as there is no need to burden the industry in general with unnecessary report requirements, which include, the number of electromechanical switches, availability of touch-tone service, equal access etc. However, if required, that information can be provided if requested by the staff.

2. Table II, "Transmission Facilities." Deployment of fiber is a standard business practice driven by economics and the evolution of technology which is increasingly becoming more ubiquitous. Reporting of routine placement of plant, such as this, serves no purpose. Our competitors do not provide this data to the FCC, and thus, industry comparisons become impossible. A streamlined Table I in the 43-08 report that shows the trend from metallic cable to fiber cable is more than sufficient.

3. Table III, "LEC Call Set-Up Time." SBC agrees with the Bureau proposal in AAD 98-23 that this table is no longer relevant given the wide deployment of SS7 and ISDN. It is prudent to eliminate such unnecessary reporting and the associated expense.

4. Table IV, "Additions and Book Costs." Clearly, the Bureau is correct as set out in AAD 98-23 that this report can be eliminated.

Review of the 43-08

1. Table 1.A , "Outside Plant Statistics-Cable and Wire Facilities", should be eliminated. In today's competitive environment this type of data could be used to advantage the competitors of the reporting LECs. Also, the competitors of the reporting LECs are not required to collect and report this type of data reflective of their facilities. However, at a minimum, detail

shown under account classification, e.g. aerial, buried, etc., should be eliminated. The identification of this information represents an unnecessary categorization that incurs additional and burdensome efforts.

2. Table II, "Switched Access Lines in Service by Technology", should be eliminated. This report has outlived its usefulness and is no longer needed in today's competitive environment. The competitors of the reporting LECs are not required to collect and report this data. However, at a minimum, this information should be reported in one table and not required repeatedly. Specifically, among other locations, this information can be found in the ARMIS 43-08 at Table II, Column (cj) and Table III, Column (dj) (switched access); Table III, Columns (dk) and (dl) (special access); and Table III, Column (dm) (total access).

3. Table III, "Access Lines in Service by Customer." It is inappropriate and unnecessary to disclose such competitive intelligence in today's environment since this data represents the relative strength of a company in various customer market niches. This table should be eliminated. Additionally, this table is nothing more than a restatement of Table II redefined to reflect the measurement of transmission in a digital vs. analog format. Table III should be eliminated.

4. Table IV, "Telephone Calls." In today's competitive environment, call volume and minutes of use information represent proprietary and competitively sensitive market intelligence that should not be reported in a public format. No cost-justified basis exists for these reports. To have meaningful information, the FCC would require these reports from all carriers, CLECs as well as LECs.

Review of the 495A&B

Consistent with SBC's proposal to eliminate the Part 64 network forecasting requirement, the Commission should eliminate the ARMIS Reports 495A, "Forecast of Investment Usage," and 495B, "Actual Usage of Investment." These reports are prepared and filed annually to report usage of common network investment (outside plant "OSP" and central office equipment "COE") and to forecast usage (regulated and non-regulated) for the next three years. Since the first reports were filed in 1988, SBC has received no questions or comments.

Additionally, as SBC explained in its comments filed on July 17, 1998 in CC Docket 98-81, Exhibit D, at 2, actual use calculations of network investment are more appropriate as an allocation method than the forecasting approach embodied in the 495A& B reports.

The Commission should also eliminate the waiver filing (included in the 495A and 495B process) required to reallocate COE and OSP common equipment to other services, when a non-regulated service is eliminated and the equipment is redeployed for use by other services.

FCC Report 43-01
ARMIS ANNUAL SUMMARY REPORT

COMPANY: Nevada Bell
STUDY AREA: Nevada
PERIOD: From January 1997 To Dec 1997
COSA: PTNV

Approved by OMB

Expires 00/00/00
UNRESTRICTED VERSION
SUBMISSION 1
TABLE I
PAGE 1 OF 3

Exhibit B

TABLE I - COST AND REVENUE TABLE
(Dollars in thousands)

Row	Classification (a)	Total Company (b)	Nonreg. (c)	Adjustments (d)	All Other Adjustments (e)	Subject to Separations (f)	State (g)	Interstate (h)	Common Line (i)	Traffic Sensitive (j)	Special Access (k)	Total Access (l)	Billing & Collection (m)	IX (n)
	Revenues													
1010	Basic Local Service	74,479	N/A	0	0	74,479	74,479	0	N/A	N/A	0	0	N/A	N/A
1020	Network Access Services	64,454	N/A	0	113	64,341	6,153	58,188	21,498	25,415	11,277	58,188	N/A	0
1030	Toll Network Services	16,097	N/A	0	0	16,097	16,051	46	0	0	0	0	N/A	46
1040	Miscellaneous	41,421	30,709	0	0	10,712	8,815	1,897	0	0	0	0	1,897	0
1045	Nonregulated	10,009	10,009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1050	Settlements	-7,860	N/A	0	0	-7,860	-7,860	0	0	0	0	0	0	0
1060	Uncollectibles	2,472	256	0	0	2,216	1,546	670	670	0	0	670	0	0
1090	Total Operating Revenues	196,128	40,462	0	113	155,553	96,092	59,461	20,826	25,415	11,277	57,518	1,897	46
	Expenses													
1120	Plant Specific	34,719	5,626	0	0	29,094	20,052	9,043	4,664	3,016	1,362	9,042	0	0
1130	Plant Non-Specific	18,638	217	0	0	18,421	12,660	5,761	2,837	2,023	901	5,761	0	0
1140	Customer Operations Marketing	5,777	706	0	0	5,071	3,147	1,923	944	680	300	1,924	0	0
1150	Customer Operations Services	24,268	8,634	0	0	15,634	10,649	4,985	740	2,794	271	3,805	1,176	4
1160	Corporate Operations	27,993	2,634	0	0	25,359	17,288	8,071	3,414	3,165	1,053	7,632	437	2
1170	Access	7,726	N/A	0	0	7,726	7,726	0	0	0	0	0	N/A	0
1180	Depreciation/Amortization	34,108	93	0	0	34,015	22,397	11,618	4,392	4,998	2,228	11,618	0	1
1185	FCC Expense Adjustment	N/A	N/A	N/A	N/A	N/A	N/A	4	2	2	1	5	0	0
1190	Total Operating Expenses	153,229	17,909	0	0	135,320	93,919	41,405	16,993	16,678	6,116	39,787	1,613	7
	Other Operating Items													
1290	Other Operating Income/Losses	50	0	0	0	50	35	16	8	6	2	15	0	0

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PERIOD: From January 1997 To Dec 1997
COSA: PTNV

Approved by OMB

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TABLE I - COST AND REVENUE TABLE
(Dollars in thousands)

Row	Classification (a)	Total Company (b)	Nonreg. (c)	SNFA and Intra-co. Adjustments (d)	All Other Adjustments (e)	Subject to Separations (f)	State (g)	Interstate (h)	Common Line (i)	Traffic Sensitive (j)	Special Access (k)	Total Access (l)	Billing & Collection (m)	IX (n)
	Other Taxes													
1410	State And Local Income	0	0	0	0	0	0	0	0	0	0	0	0	0
1420	Other State And Local	6,345	127	0	0	6,218	4,994	1,224	600	433	191	1,224	0	0
1490	Total Other Taxes	6,345	127	0	0	6,218	4,994	1,224	600	433	191	1,224	0	0
	Federal Income Taxes													
1510	Fixed Charges (Exp)	8,303	86	0	24	8,193	5,631	2,562	1,257	906	399	2,562	0	0
1520	IRS Income Adjustment (Rev)	395	N/A	0	0	395	270	125	57	46	18	121	3	0
1530	FCC Taxable Income Adjustment (R	N/A	N/A	0	N/A	N/A	N/A	0	0	0	0	0	0	0
1540	ITC Amortization (Exp)	670	1	0	0	669	459	209	103	74	33	210	0	0
1550	FCC ITC Adjustment (Rev)	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	0	0
1590	Federal Income Taxes (Exp)	5,113	3,772	0	24	1,636	-3,224	4,860	624	2,542	1,678	4,744	100	14
	Plant-in-Service													
1620	Support Plant	61,320	1,267	0	1,820	58,233	39,700	18,534	9,127	6,507	2,899	18,533	0	1
1630	Operator Systems Equipment	1,705	0	0	-34	1,739	1,302	437	N/A	431	N/A	431	N/A	5
1640	COE-Switching	103,750	176	0	5,413	98,161	70,361	27,799	N/A	27,800	0	27,800	N/A	0
1650	COE-Transmission	90,725	0	0	4,550	86,175	45,000	41,175	7,210	20,069	13,896	41,175	N/A	0
1660	Cable And Wire Facilities	296,295	0	0	8,541	287,754	208,213	79,541	65,171	4,886	9,484	79,541	N/A	0
1670	IOT Equipment	9,369	5,856	0	-1,464	4,977	3,734	1,243	1,241	N/A	1	1,242	N/A	N/A
1680	Amortizable Assets	1,136	56	0	-11	1,091	744	347	171	122	54	347	0	0
1690	Total Plant In-Service	564,300	7,355	0	18,815	538,130	369,054	169,076	82,920	59,815	26,334	169,069	0	6
	Other Investments													
1705	Other Jurisdictional Assets-Net	15,238	N/A	N/A	32,806	-17,568	-17,568	0	N/A	N/A	N/A	N/A	N/A	N/A
1710	Property Held For Future Use	0	0	0	0	0	0	0	0	0	0	0	0	0
1720	Plant Under Construction	10,262	34	0	1,867	8,361	5,741	2,620	1,290	920	410	2,620	0	0
1730	Plant Acquisition Adjustment	0	0	N/A	0	0	0	0	0	0	0	0	0	0
1740	Investment in Nonaffiliated Compani	50	0	0	15	35	26	11	5	4	2	11	0	0
1750	Other Deferred Charges	5,501	14	0	-2,263	7,750	5,316	2,435	1,194	861	379	2,434	0	0
1760	Inventories	2,541	0	0	967	1,574	1,140	435	213	154	68	435	0	0
1770	Cash Working Capital	N/A	N/A	N/A	N/A	N/A	N/A	973	477	344	151	972	0	0
1780	FCC Investment Adjustment	N/A	N/A	N/A	N/A	N/A	N/A	-2,446	-1,200	-865	-381	-2,446	0	0
1790	Total Other Investments	33,592	48	0	33,392	152	-6,346	4,028	1,979	1,418	629	4,026	0	0

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COMPANY: Nevada Bell
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TABLE I - COST AND REVENUE TABLE
(Dollars in thousands)

Row	Classification (a)	Total Company (b)	Nonreg. (c)	SNFA and Intra-co. Adjustments (d)	All Other Adjustments (e)	Subject to Separations (f)	State (g)	Interstate (h)	Common Line (i)	Traffic Sensitive (j)	Special Access (k)	Total Access (l)	Billing & Collection (m)	IX (n)
	Reserves													
1820	Accumulated Depreciation	264,127	6,336	0	10,931	246,860	168,999	77,861	39,686	25,470	12,701	77,857	0	2
1830	Accumulated Amortization	1,058	53	0	-5	1,010	689	322	159	113	50	322	0	0
1840	Deferred FIT	38,126	2,001	0	2,997	33,128	22,638	10,490	3,899	5,094	1,496	10,489	0	1
1860	Customer Deposits	402	142	0	-15	275	189	86	42	31	13	86	0	0
1870	Other Deferred Credits	1,259	3	0	364	892	613	280	137	99	44	280	0	0
1880	Other Juris Liab & Deferr Cre-Net	23,054	N/A	N/A	13,961	9,093	3,463	5,631	2,761	1,993	877	5,631	0	0
1885	FCC Reserve Adjustment	N/A	N/A	N/A	N/A	N/A	N/A	3,075	1,507	1,088	479	3,074	0	0
1890	Total Reserves	328,026	8,535	0	28,233	291,258	196,591	97,745	48,191	33,888	15,660	97,739	0	3
	Return Data													
1910	Average Net Investment	N/A	N/A	N/A	N/A	247,024	167,117	75,359	36,708	27,345	11,303	75,356	N/A	3
1915	Net Return	N/A	N/A	N/A	N/A	N/A	N/A	14,545	3,872	6,672	3,792	14,336	N/A	N/A
1920	Rate Of Return	N/A	N/A	N/A	N/A	N/A	N/A	19.30	0.00	0.00	0.00	0.00	N/A	N/A
1925	FCC Ordered Refund	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	N/A	N/A
1926	Refund Adjusted for Taxes	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	N/A	N/A
1930	Net Return Including FCC Refund	N/A	N/A	N/A	N/A	N/A	N/A	14,545	3,872	6,672	3,792	14,336	N/A	N/A
1935	Rate Of Return (Including Refund)	N/A	N/A	N/A	N/A	N/A	N/A	19.30	0.00	0.00	0.00	0.00	N/A	N/A

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TABLE 2 - Summary of Separations Allocators

	Subject to Separation	State	Interstate
1000 Basic Allocation Factor	100.00%	75.00%	25.00%
1010 Dial Equipment Minutes	5,601	4,337	1,265
1020 Tandem Minutes of Use	139	40	99
1030 Subscriber Line Minutes of Use	5,461	4,310	1,151
1040 Minutes of Use	4,609	2,706	1,903
1050 Conversation Minutes	673	140	533
1060 Conversation Minutes KM	115,446	39,890	75,556
1070 Directory Assistance W.S.W.S.	542,280	271,777	270,503
1080 Intercept W.S.W.S.	0	0	0
1090 Private Line / WATS Loops	2,817	2,817	0
1100 Subscriber / CL Loops	311,120	n/a	n/a
1110 Loop Allocation Factor	100.00%	75.00%	25.00%
1120 Total Working Loops	313,937	n/a	n/a
1130 Total Billable Access Lines	326,310	n/a	n/a

1997 ARMIS 43-03 Data by Operating Company ($'s in Thousands)									
	Line 530-Total Operating Revenues [net]					Line 720-Total Operating Expense			
	Column i Regulated	Column j Non-Regulated	Column b Total	Percent Non-Regulated		Column i Regulated	Column j Non-Regulated	Column b Total	Percent Non-Regulated
United Telephone of Ohio	$419,388	$48,849	$468,236	10.43%		$287,533	$46,766	$334,298	13.99%
Carolina Telephone/Telegraph	$656,593	$123,810	$780,403	15.86%		$488,083	$116,158	$604,241	19.22%
Puerto Rico Telephone	$971,410	$89,160	$1,074,166	8.30%		$675,232	$204,892	$880,124	23.28%
Puerto Rico Central Telco	$134,395	$8,702	$143,097	6.08%		$82,462	$12,503	$94,965	13.17%
Sprint, Missouri	$187,407	$20,862	$208,269	10.03%		$121,607	$21,994	$143,601	15.32%
Frontier of Rochester	$306,153	$19,544	$325,697	6.00%		$191,671	$15,877	$207,548	7.65%
Alltel Georgia Communications	$212,247	$20,686	$232,933	8.88%		$119,358	-$10,848	$130,206	8.33%
Aliant Communications Co	$193,234	$14,832	$208,066	7.13%		$128,281	$23,670	$151,951	15.58%
United Telephone of Penn	$232,855	$33,105	$265,960	12.45%		$164,063	$31,243	$195,306	16.00%
Cincinnati Bell	$599,049	$71,067	$670,116	10.61%		$403,770	$87,063	$490,833	17.74%
	$3,912,729	$450,637	$4,376,963	10.30%		$2,662,060	$571,014	$3,233,073	17.66%
	Line 750-Total Expenses					Line 2001-TPIS			
United Telephone of Ohio	$348,852	$48,292	$397,144	12.16%		$1,172,897	$27,590	$1,200,487	2.30%
Carolina Telephone/Telegraph	$557,522	$120,086	$677,608	17.72%		$1,927,588	$47,158	$1,974,745	2.39%
Puerto Rico Telephone	$680,238	$202,716	$882,954	22.96%		$2,737,580	$258,372	$2,995,952	8.62%
Puerto Rico Central Telco	$83,674	$12,093	$95,767	12.63%		$306,421	$14,369	$320,790	4.48%
Sprint, Missouri	$156,126	$22,212	$178,338	12.46%		$487,972	$8,139	$496,112	1.64%
Frontier of Rochester	$251,450	$17,714	$269,164	6.58%		$858,166	$23,745	$881,911	2.69%
Alltel Georgia Communications	$171,886	$12,504	$184,390	6.78%		$718,349	$11,236	$729,585	1.54%
Aliant Communications Co	$144,054	$20,671	$164,725	12.55%		$483,741	$33,454	$517,195	6.47%
United Telephone of Penn	$194,590	$32,281	$226,871	14.23%		$674,426	$15,603	$690,029	2.26%
Cincinnati Bell	$508,244	$82,367	$590,611	13.95%		1597460	$53,035	$1,650,495	3.21%
	$3,096,636	$570,936	$3,667,572	15.57%		$10,964,600	$492,701	$11,457,301	4.30%

EXHIBIT C

EXHIBIT C

1997 SBC ARMIS 43-03 data by operating company (SWBT, Pacific and Nevada)

1997 ARMIS 43-03 Line 720 (Total Operating Expense) ($s in thousands)

	Col i-Reg	Col j-NR	Col b-Total		% nonreg
SWBT	7078816	723739	7802559	rounding dif.	9.2757%
Pacific	6745114	570175	7315289		7.7943%
Nevada	135319	17909	153228		11.6878%
Total SBC	13959249	1311823	15271076		8.5902%

1997 ARMIS 43-03 Line 750 (Total Expenses) ($s in thousands)

	Col i-Reg	Col j-NR	Col b-Total		
SWBT	8558669	779535	9338207	rounding dif.	8.3478%
Pacific	8100232	458093	8558325		5.3526%
Nevada	148747	26050	174797		14.9030%
Total SBC	16807648	1263678	18071329		6.9927%

1997 ARMIS 43-03 Line 2001 (TPIS) ($s in thousands)

	Col i-Reg	Col j-NR	Col b-Total		
SWBT	30103760	483976	30587738	rounding dif.	1.5823%
Pacific	27023236	562362	27585598		2.0386%
Nevada	556944	7355	564299		1.3034%
Total SBC	57683940	1053693	58737635		1.7939%

1997 ARMIS 43-03 Line 530 (Total Operating Revenues [net]) ($s in thousands)

	Col i-Reg	Col j-NR	Col b-Total		
SWBT	9449576	846108	10295685	rounding dif.	8.2181%
Pacific	8162958	297277	8460235		3.5138%
Nevada	155666	40462	196128		20.6304%
Total SBC	17768200	1183847	18952048		6.2465%

Note: Nevada's nonregulated data includes yellow pages offering in telco.

Sheet2

SLECTED ARMIS 43-03 For Twelve Months Ended December 31, 1997

1997 ARMIS 43-03 Line 720 (Total Operating Expense) ($s in thousands)

	Col i-Reg	Col j-NR	Col b-Total	% nonreg
AMERITECH	$ 6,935,601	$ 952,702	$ 7,888,296	12.08%
BELL ATLANTIC	17,154,205	1,380,603	18,534,810	7.45%
BELLSOUTH	9,483,104	702,011	10,185,115	6.89%
GTE	7,739,579	1,192,560	8,932,136	13.35%
SOUTHWESTERN	13,959,249	1,311,823	15,271,076	8.59%
U S WEST	7,160,901	693,917	7,854,817	8.83%
TOTAL	$ 38,342,833	$ 3,900,311	$ 42,243,144	9.23%

1997 ARMIS 43-03 Line 750 (Total Expenses) ($s in thousands)

	Col i-Reg	Col j-NR	Col b-Total	
AMERITECH	$ 8,813,137	$ 913,350	$ 9,726,484	9.39%
BELL ATLANTIC	21,581,556	1,390,097	22,971,648	6.05%
BELLSOUTH	12,352,510	220,513	12,573,023	1.75%
GTE	10,189,585	1,153,313	11,342,895	10.17%
SOUTHWESTERN	16,807,648	1,263,678	18,071,329	6.99%
U S WEST	8,361,920	636,436	8,998,356	7.07%
TOTAL LINE 750	$ 47,711,663	$ 3,273,940	$ 50,985,603	6.42%

1997 ARMIS 43-03 Line 2001 (TPIS) ($s in thousands)

	Col i-Reg	Col j-NR	Col b-Total	
AMERITECH	$ 29,879,032	$ 598,162	$ 30,477,194	1.96%
BELL ATLANTIC	67,644,489	1,552,934	69,197,422	2.24%
BELLSOUTH	46,532,771	670,522	47,203,393	1.42%
GTE	40,440,418	641,100	41,081,517	1.56%
SOUTHWESTERN	57,683,940	1,053,693	58,737,635	1.79%
U S WEST	31,222,635	1,132,895	32,355,537	3.50%
TOTAL LINE 2001	$ 175,879,764	$ 3,498,210	$ 179,377,974	1.95%

CERTIFICATE OF SERVICE

I, Katie M. Turner, hereby certify that the foregoing, " CC DOCKET NO. 98-117, COMMENTS OF SOUTHWESTERN BELL TEPEPHONE COMPANY, PACIFIC BELL AND NEVADA BELL IN THE MATTER OF 1998 BIENNIAL REGULATORY REVIEW – REVIEW OF ARMIS REPORTING REQUIREMENTS" in CC Docket No. 98-117 has been filed this 20th day of August, 1998 to the Parties of Record.

Katie M. Turner

Katie M. Turner

August 20, 1998